

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**

Natwar M. Gandhi  
Chief Financial Officer



**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi [signature]  
Chief Financial Officer

**DATE:** June 15, 2004

**SUBJECT:** Fiscal Impact Statement (Revised): "National Guard Association of the United States Real Property Tax Exemption Reconfirmation and Modification Act of 2003"

**REFERENCE:** Bill 15-311 as Introduced

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**Conclusion**

Funds are sufficient in the proposed FY 2005 through FY 2008 budget and financial plan as agreed to by the Mayor and the Council of the District of Columbia. The proposed legislation will result in a reduction in real property tax revenue of \$190,000 in FY 2005 and \$710,000 in FY 2005 through FY 2008. However, these amounts have been considered in the revenue estimates supporting the FY 2005 budget submission to Congress.

**Background**

The proposed legislation would exempt from taxation the property described as Lot 60 in Square 625 and occupied by the National Guard Association. The National Guard Association is a non-profit corporation in the District of Columbia. Conditions of the proposed exemption require that the property not be used for commercial purposes. In addition, the proposed legislation exempts the property from deed transfer and deed recordation taxes only when the parcel is transferred to the National Guard Association.

On March 19, 2003, the Chief Assessor's Office responded to representatives of the National Guard Association concerning the matter of real property taxation and the qualifications under the law for exemption. The purpose was to respond to a request for tax-exemption and assist in exploring options. The Office of Tax and Revenue

determined at that time that the property was not eligible for a real property tax exemption.

### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2005 through FY 2008 budget and financial plan. In the event of a proposed transfer of title to the National Guard Association, the legislation exempts deed transfer taxes of approximately \$10,101 and deed recordation taxes of \$10,101. It will also exempt the property from 23 percent of real property tax liabilities estimated at \$173,604 in FY 2004. The subject property will remain taxable at 77 percent due to for-profit usage. The table in Figure 1 presents the reduction in property tax revenue impacting the financial plan.

*Figure 1.*

<b>Expenditure Impact to the Financial Plan</b>				
(\$ in millions)				
<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>4 -Year Total</b>
\$0.19	\$0.17	\$0.17	\$0.18	<b>\$0.71</b>

The subject property is assessed at \$40.8 million. The real property tax rate that is applied is \$1.85 per \$100 of assessed value resulting in a tax liability of \$754,800 at 100 percent taxable. However, the Office of Tax and Revenue has reduced the tax liability to 23 percent which represents the portion of the property used for National Guard purposes. The remaining 77 percent of the property is rented and leased and determined to be for-profit. The FY 2005 impact includes the deed transfer and deed recordation exemption.